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United States Government Accountability Office
Washington, DC 20548

September 21, 2012

The Honorable Sam Johnson, Chairman
Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

The Honorable Wally Herger, Chairman
Subcommittee on Health
Committee on Ways and Means
House of Representatives

The enclosed information responds to the posthearing questions in your letter of September 7, 2012, concerning our testimony before your committees on August 1, 2012, on removing Social Security numbers (SSN) from Medicare cards. If you have any questions or would like to discuss this information, please contact us at (202) 512-7215, or (202) 512-7114, respectively.

Sincerely yours,

Dan Bertoni, Director
Education, Workforce, and
Income Security Issues

Kathleen M. King, Director
Health Care Issues

Enclosure

Enclosure

The enclosure provides your questions and our responses for the record and supplements information provided to your committees in our testimony, *Action Needed to Remove Social Security Numbers from Medicare Cards* (GAO-12-949T, Washington, D.C.: Aug. 1, 2012).

Questions for the Record

The Honorable Sam Johnson, Chairman
Subcommittee on Social Security
Committee on Ways and Means
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The Honorable Wally Herger, Chairman
Subcommittee on Health
Committee on Ways and Means
House of Representatives

1. To your knowledge, is it common for Federal agencies to submit final reports to Congress without following proper standards of data documentation?

We have not conducted the work necessary to answer this question.

2. Is the CMS report a document that Congress should use to make policy decisions, or is it too unreliable to be the basis for any reasonable policy decision?

In our view, the 2011 report to Congress is not sufficient for making policy decisions if Congress considers cost a factor in such decisions. First, the Centers for Medicare and Medicaid Services (CMS) did not use any cost estimating guidance when developing the cost estimates presented in this 2011 report to Congress. Second, the procedures CMS used to develop estimates for the two largest cost categories—changes to existing state Medicaid information technology (IT) systems and CMS's IT system conversions—are questionable and not well documented. Third, there are inconsistencies in some assumptions used by CMS and the Social Security Administration, such as the number of beneficiaries, to develop estimates. Finally, CMS did not take into account other factors when developing its cost estimates, including related IT modernization efforts or potential savings from removing the SSN from Medicare cards.

3. Based on your extensive body of work on identity theft and SSN integrity, can you help us understand what role the SSN plays in facilitating identity theft? How would someone be able to commit identity theft after obtaining an SSN?

Although the SSN was originally created as a means to track workers' wages and Social Security benefits, because of its unique nature and broad applicability, it has become the identifier of choice for public and private sector entities and is used for many non Social Security purposes. Today the SSN, sometimes along with other documents, is often required as proof of identity to apply for or receive government benefits, obtain credit, and open a bank account, among other things. The SSN is generally needed to obtain key identity documents such as drivers' licenses. As a result, an SSN is highly valuable to identity thieves and can act as a "breeder" document. Once in possession of an SSN, along with other personal data such as name and date of birth, criminals can obtain identity documents and thereby assume those identities. This facilitates their ability to commit financial or other crimes undetected.

4. Would you please summarize the reasoning behind your belief that the approach you selected in your testimony—replacing the SSN with a new Medicare identification number that is also used by beneficiaries and providers—is the best of the three CMS-identified options?

As we noted in our report, our analysis focused on the options presented by CMS rather than an assessment of all potential options that might exist. Of the options presented by CMS, the option that calls for developing a new identifier for use by beneficiaries and providers offers the best protection against identity theft and presents fewer burdens for beneficiaries and providers than the other two options presented in CMS's 2011 report to Congress. Under this option, only the new identifier would be used by beneficiaries and providers. This option would lessen beneficiaries' risk of identity theft in the event that their Medicare card was lost or stolen, as the SSN would no longer be printed on the card. Additionally, because providers would not need to collect a beneficiary's SSN or maintain that information in their files, beneficiaries' vulnerability to identity theft would be reduced in the event of a provider data breach. The other two options provide less protection against identity theft because providers would still need to collect the SSN, leaving beneficiaries vulnerable to identity theft in the event of a provider data breach. Finally, the option that involves replacing the SSN with a new identifier for both beneficiary and provider use presents the fewest burdens for beneficiaries and providers relative to the other two options presented in CMS's report to Congress. Under this option, the new identifier would be printed on the card, and beneficiaries would use this identifier when interacting with CMS, eliminating the need for beneficiaries to memorize their SSN or store it elsewhere as they might do under the other options. This option may also present fewer burdens for providers, as they would not have to query databases or make phone calls to obtain a beneficiary's SSN in order to submit claims. In our report, we recommended that CMS select an approach for removing SSNs from Medicare cards that best protects beneficiaries against identity theft and minimizes burdens for providers, beneficiaries, and CMS.